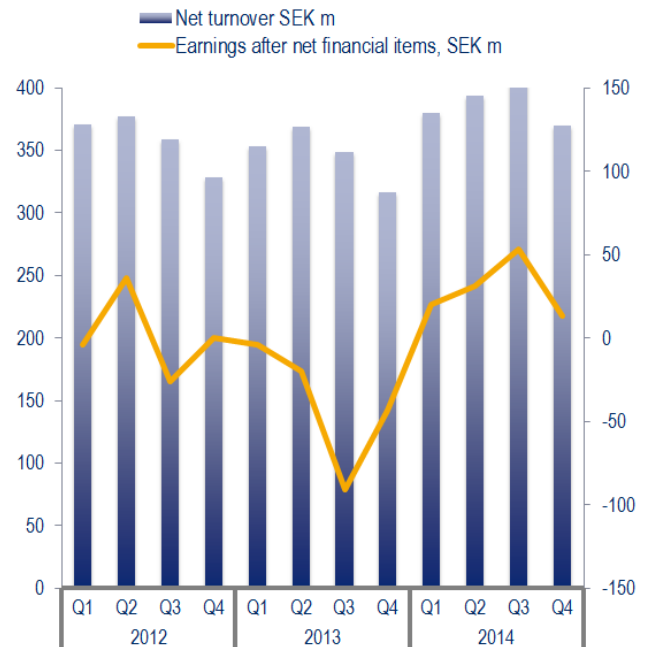


# ROTTNEROS

## YEAR-END REPORT, JANUARY TO DECEMBER 2014

	Okt-dec 2014	Jul-sep 2014	Change	Okt-dec 2013	Change	Jan-dec 2014	Jan-dec 2013	Change
Net turnover, SEK m	370	404	-34	317	53	1 547	1 389	158
Operating Income, SEK m	13	53	-40	-43	56	118	-154	272
including items affecting comparability	13	53	-40	-43	56	118	-62	180
Income after net financial items, SEK m	13	53	-40	-44	57	114	-158	272
Profit/loss after tax, SEK m	55	41	14	-44	99	133	-158	291
Earnings per share after tax, SEK	0,36	0,26	0,10	-0,28	0,64	0,87	-1,04	1,91
including items affecting comparability	0,36	0,26	0,10	-0,28	0,64	0,87	-0,43	1,30
Cash flow before investments, SEK m	6	92	-86	2	4	104	62	42

- Profit after net financial items amounted to SEK 13 million for the fourth quarter of 2014, compared with a profit of SEK 53 million for the third quarter of 2014 and a loss of SEK -44 million for the fourth quarter of 2013. Income after net financial items amounted to SEK 114 (-158) million for the full year 2014. The comparison period 2013 included one-off items amounting to SEK -92 million.
- The PIX price remained stable during the fourth quarter and on average amounted to USD 932. The price increase in Swedish kronor amounts to seven per cent compared with the third quarter of 2014 due to the positive development of USD. The price increase in SEK amounts to approximately 19 per cent compared with the fourth quarter of 2013.
- Cash flow from operating activities amounted to SEK 6 (2) million for the fourth quarter of 2014 and to 104 (62) for the full year. Net loan receivables amounted to SEK 59 (-25) million on 31 December.
- BCTMP equipment from Utansjö Bruk was sold during the fourth quarter, which had a positive liquidity effect of SEK 39 million.
- Per Lundeen took office as CEO on 6 November 2014 and appointed by the board until the 2016 AGM.
- The Board proposes an ordinary dividend of SEK 0.20 per share together with a one-off supplementary dividend of SEK 0.20 per share in respect of the boost to liquidity resulting from the sale of the Utansjö plant.



# CEO'S STATEMENT

2014 was a strong year for the Rottneros Group. Income before tax amounted to SEK 114 million, representing an improvement of SEK 180 million after adjustment for the large one-off costs that affected our income for 2013. This earnings trend was primarily a consequence of both currencies and the pulp market shifting in our favour. At the same time Focus 15 (our internal improvement programme) delivered according to plan and generated a significant boost to our result for 2014; we will see further effects in 2015 when we will be able to appreciate the full impact of our improvement programme for the full year.

The successful trimming work for the Group demonstrates the long-term development potential at Rottneros. A number of planned measures to increase capacity were carried out during the maintenance shutdown at our mills in the autumn. This resulted in a production record for an individual day being achieved in December, both at Vallvik and Rottneros.

I took over as Acting CEO of Rottneros in November 2014 having been on its Board of Directors since 2013. I believe in continuity, but also in developing our company so that it increases in size and efficiency. The Rottneros Group has a number of strengths on which it can build. Our paper pulp is often the market leader for certain applications, and a significant proportion of it includes grades with a high degree of specialisation.

Upon taking office I initiated the work to produce a long-term industrial development plan and a strategic action plan (Agenda 500). This programme will strengthen and develop Rottneros in the long-term. Looking forward, we need to continue to focus on our niche strategy, including products providing high value content for our customers. An investment-efficient expansion will now be implemented over the coming years to eliminate bottlenecks at our mills.

The underlying analysis to invest and increase capacity is based on my conviction that there are major opportunities for Rottneros to compete through its niche strategy and independent status. The long-term trends in the various paper markets work both for and against pulp mills. Our future expansion is primarily oriented towards final products, such as packaging, electrical insulation uses, filters and tissue products. These are generally growing in pace with or above GDP, predominantly driven by developing markets such as China and India.

We expect to launch new products during the coming year. This involves highlighting the competitive advantages of our various paper pulps. This applies primarily to Rottneros Bruk, which manufactures various grades of mechanical pulp. Adjustments to production can be made relatively quickly without any costly loss of production, which means that the mill offers major opportunities to manufacture limited volumes of niche-oriented grades.

Another priority for the future is to strengthen our market organisation. As a first step we are adding resources to enhance our technical competence support in our dialogue with both current and potential customers. A highly topical example of this more active market work is our successful launch of Absorption Express groundwood pulp, and then a special pulp for tissue during the autumn.

The Rottneros Group is founded on a long history and at the core of Swedish primary industry. Our committed workers are keen to push forward and develop our operation. It is also their commitment that has enabled the implementation of Fokus15, and I would consequently like to extend my warmest thanks to all of our employees for the efforts they made over the year.

Owing to structural transactions and earnings trends in recent years, Rottneros has become a company with great financial strength without any external loans. It is with great satisfaction that I can advise that the Board of Directors for Rottneros AB proposes that the Annual General Meeting resumes the dividend for our shareholders.

Looking forward, I can observe that we have a strong base line for 2015. Market conditions are favourable, the dollar is strong and production is becoming increasingly efficient. I am therefore cautiously optimistic about the forthcoming year and the strategically important steps in development that await us.

Per Lundeen

# THE PULP MARKET

## MARKETS AND PRODUCTS

### PULP MARKET INTERNATIONALLY

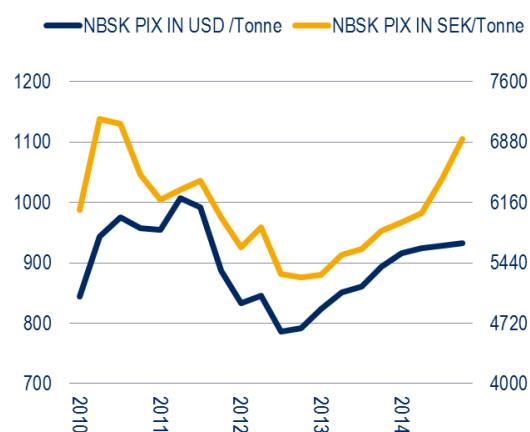
Good demand characterised the market pulp market in the emerging markets in 2014, although volumes in the emerging countries were static or just increased slightly. A structural decline in graphic paper in the mature economies was offset by an increase in global fibre consumption within packaging and tissue.

Global deliveries of chemical market pulp (World-20) increased by two per cent in 2014 while BCTMP deliveries fell by less than one per cent. Producer stock levels were 34 days for chemical pulp and 36 days for BCTMP at the end of the year.

A good balance prevailed in the softwood kraft pulp market in 2014. Capacity utilisation was 93 per cent and producer stock levels corresponded to 31 days' consumption at the end of December. There was a marginal increase in the price of NBSK during the third quarter, which then stabilised at a level of around USD 930 during the autumn, approximately 25 dollars above its level at the beginning of the year. Consequently, the USD price increased by just under three per cent this year, while costs for European purchasers rose by more than 14 per cent as a consequence of the dollar strengthening against the Euro.

Price trends for BCTMP have largely followed the trends for hardwood kraft pulp. After nine months of declining prices, prices started to cautiously move upwards during the fourth quarter to a level of around USD 745, about 25 dollar lower than at the beginning of the year.

### NBSK trends over the past five-year period



## PRODUCTION AND DELIVERIES

The Group's pulp mills at Rottneros Bruk and Vallviks Bruk have a combined annual production capacity of approximately 400,000 tonnes. Volumes have increased at both Vallviks Bruk and Rottneros Bruk. Production amounted to 345,000 for the full year 2014, representing an increase of three per-cent compared with the previous year's production figure of 333,400 tonnes.

Deliveries amounted to 344,200 (332,100) tonnes in 2014, representing a volume increase of four per cent.

### PRODUCTION (TONNES)

	Okt-dec 2014	Okt-dec 2013	Jan-dec 2014	Jan-dec 2013
Sulphate pulp	48 500	48 200	211 400	208 500
Groundwood pulp	13 700	10 600	52 800	53 200
CTMP	20 700	20 100	80 800	71 700
<b>TOTAL</b>	<b>82 900</b>	<b>78 900</b>	<b>345 000</b>	<b>333 400</b>

### DELIVERIES (TONNES)

	Okt-dec 2014	Okt-dec 2013	Jan-dec 2014	Jan-dec 2013
Sulphate pulp	43 900	44 600	211 300	208 200
Groundwood pulp	15 100	9 300	53 500	51 600
CTMP	19 300	22 300	79 400	72 300
<b>TOTAL</b>	<b>78 300</b>	<b>76 200</b>	<b>344 200</b>	<b>332 100</b>

### Maintenance shutdowns and seasonal variations

There was a holiday shutdown for one of the production lines at Rottneros Bruk in July, which was combined with planned maintenance work in October. An annual maintenance shutdown took place at Vallviks Bruk during the fourth quarter as during the previous year.

Costs relating to maintenance shutdowns are recognised in the period during which the shutdowns take place. Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

## INVOICING AND RESULTS

### January to December 2014 compared with January to December 2013

#### Deviation analysis, m SEK

	Jan-dec 2014	Jan-dec 2013
NBSK PIX	925	857
SEK/USD	6,86	7
NBSK SEK	6 345	5 582
<b>OPERATING INCOME</b>	<b>118</b>	<b>-154</b>

Price & Mix	53
Currency	79
Volume	21
Variable costs	52
One-off items	92
Hedging activities realised	-20
Other	-5
<b>TOTAL</b>	<b>272</b>

The average price of softwood kraft pulp (NSBK) in USD increased by eight per cent compared with the same period of the previous year. The increase in SEK was 14 per cent. Group net turnover amounted to SEK 1,547 (1,389) million for January to December 2014, an increase of approximately eleven per cent.

Favourable price trends together with our work involving changes of working methods have yielded positive results at our mills and led to in lower direct costs.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.29 (0.34) per kWh for January to December 2014 and had a positive impact on variable costs.

- Group operating profit amounted to SEK 118 (-154) million for the full year. The outcome of hedging activities realised for currency and pulp amounted to SEK -14 (6) million. One-off items affected the comparison period by SEK -92 million
- Group income after net financial items amounted to SEK 114 (-158) million and includes net financial items of SEK -4 (-4) million.
- Income after tax amounted to SEK 133 (-158) million.
- Earnings per share after tax amounted to SEK 0.87 (-1.04).
- Cash flow per share amounted to SEK 0.36 (0.06).

#### October to December 2014 compared with October to December 2014

##### Deviation analysis, m SEK

	Okt-dec 2014	Okt-dec 2013
NBSK PIX USD	932	894
SEK/USD	7,42	6,51
NBSK SEK	6 916	5821
<b>OPERATING INCOME</b>	<b>13</b>	<b>-42</b>
Price & Mix	-2	
Currency	45	
Volume	7	
Variable costs	9	
Hedging activities realised	-2	
Other	-2	
<b>TOTAL</b>	<b>55</b>	

The average price of softwood kraft pulp (NBSK) in USD increased by four per cent to USD 932, while the average price of NBSK translated into SEK increased from SEK 5,821 to 6,916 per tonne, an increase of 19 per cent influenced by a strong dollar.

Group net turnover amounted to SEK 370 (317) million during the quarter, an increase of approximately 17 per cent which corresponds to the price and currency fluctuations in the market. The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.29 (0.33) per kWh for the fourth quarter of 2014 and had a positive impact on variable costs compared with the previous year.

- Group operating income amounted to SEK 13 (-43) million for the fourth quarter of 2014. The positive price and currency trends have had a positive effect on our earnings compared with the previous year.
- Group income after net financial items amounted to SEK 13 (-44) million and includes net financial items of SEK 1 (-1) million.
- Income after tax amounted to SEK 55 (-44) million.
- Earnings per share after tax amounted to SEK 0.36 (-0.28).
- Cash flow per share amounted to SEK 0.10 (-0.03).

#### October to December 2014 compared with July to September 2014

##### Deviation analysis, m SEK

	Okt-dec 2014	Jul-sep 2014
NBSK PIX	932	929
SEK/USD	7,42	6,95
NBSK SEK	6 916	6 452
<b>OPERATING INCOME</b>	<b>13</b>	<b>53</b>
Price & Mix	-4	
Currency	23	
Volume	-14	
Variable costs	-11	
Hedging activities realised	-8	
Other	-26	
<b>TOTAL</b>	<b>-40</b>	

The annual maintenance shutdown at Vallvik affected other items by SEK 30 million during the fourth quarter.

Group net turnover amounted to SEK 370 million for the quarter compared with SEK 404 million for the third quarter of 2014. The average price of softwood kraft pulp (NBSK) in USD increased marginally to USD 932. A stronger dollar rate had a positive impact on the average price of NBSK translated into SEK, demonstrating an increase of seven per cent.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.29 per kWh for the fourth quarter of 2014 compared with SEK 0.31 per kWh for the third quarter of 2014.

- Group operating income amounted to SEK 13 (53) million for the fourth quarter of 2014. Planned maintenance shutdowns took place at both Vallviks Bruk and Rottneros Bruk in October, which had a negative effect on both production and delivery volumes compared with the third quarter. Production volume was impaired as a result of problems with starting up after the shutdown at Vallvik.
- Group income after net financial items amounted to SEK 13 million for the fourth quarter of 2014, compared with SEK 53 million for the third quarter of 2014.

## INVESTMENTS AND FINANCIAL POSITION

- The Group's capital expenditure amounted to SEK 59 (35) million for the 2014 period.
- The Group had liquid funds amounting to SEK 89 million at the end of December 2014, compared with SEK 35 million at the end of December 2013.
- The Group had total interest-bearing liabilities of SEK 30 (59) million on 31 December 2014. Interest-bearing net receivables amounted to SEK 59 (-25) million.
- Total approved but unutilised credit facilities amounted to SEK 145 million at the end of the period and total approved credit facilities amounted to SEK 175 million.
- The equity/assets ratio amounted to 77 (71) per cent as of 31 December 2014.
- Equity per share amounted to SEK 6.37 (SEK 5.41 as of 31 December 2013).
- The plant at Utansjö was sold to BillerudKorsnäs in Q4, which marginally affected the results by SEK 3 million and affected liquidity by SEK 39 million.

## CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 104 (62) million for 2014. An increase in working capital affected the cash flow by SEK -71 (75) million over the year, which was largely attributable to higher accounts receivable (trade) and lower accounts payable (trade) at the end of the year.
- Cash flow after capital expenditure amounted to 84 (27) million for January to December 2014.
- Cash flow for the year amounted to SEK 54 (9) and was affected by net amortization of loans with SEK -30 (-18) million.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 251 (256) for January to December 2014.

## TAX

Deferred tax assets in respect of tax loss carry-forwards amounted to SEK 69 million on 31 December 2014. The utilisation of previously capitalised loss carry-forwards affected this amount by SEK 25 million during the year. A further loss carry-forward was realised during the year considering income for the year and the company's assessment of trends

for forthcoming years. Recorded deferred tax assets relating to unutilised loss carry-forwards amount to SEK 67 million at the turn of the year, corresponding to SEK 302 million in loss carry-forwards. In addition to this, there are also tax loss carry-forwards of SEK 98 million, for which deferred tax assets have not been recorded.

## PARENT COMPANY

The parent company's income after net financial items amounted to SEK 36 (-93) million for January to December. One-off items affected the comparison period by SEK -45 million. Income after net financial items includes hedging activities realised of SEK -31 (-4) million together with group contributions received/paid and an anticipated dividend of SEK 98 million.

## SHARE INFORMATION

### NUMBER OF SHARES

	Per 31 december 2014
Registered number of shares	153 393 890
- of which treasury shares	821 965

### LARGEST SHAREHOLDERS AS PER SEPTEMBER 30th 2014

Shareholder	Number of shares (=votes)	Percent age of capital
Arctic Paper SA	78 230 883	51,0
JP Morgan Bank	14 387 264	9,4
Proad AB	7 105 235	4,6
Clearstream Banking S.A., W8IMY	4 120 691	2,7
Försäkringsaktiebolaget, Avanza Pension	2 686 154	1,8
Åkesson, Morgan-Åke	2 325 000	1,5
BBVA Ireland P.L.C	2 323 139	1,5
Försäkrings AB Skandia	1 530 174	1,0
Larsson, Bo	1 489 104	1,0
Jönsson, Mikael	1 022 589	0,7
Total holdings of 10 largest shareholders	115 220 233	75,1
Rottneros AB (treasury stock from buy-back)	821 965	0,5
Other shareholders	37 351 692	24,3
<b>TOTALT</b>	<b>153 393 890</b>	<b>100,0</b>

### Treasury shares

The number of shares in Rottneros amounts to 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. There were no changes to treasury holdings during the year.

### Transactions with related parties

Rottneros sold pulp to the Arctic Paper S.A. Group (a related party), amounting to SEK 96 (93) million. Outstanding receivables from Arctic Paper amounted to SEK 14 million on 31 December. Transactions were conducted on normal market terms but with a lower level of

credit insurance, primarily owing to the group relationship between Arctic Paper and Rottneros.

### Price trends for the share during the year

The share price doubled in value from 1.99 to 3.74 during the year.

### Dividend

The Board of Directors propose to the annual general meeting of Rottneros, which will be held on 20 May, the payment of a dividend of SEK 0.20 per share together with a one-off supplementary dividend of SEK 0.20 per share in respect of the boost to liquidity resulting from the sale of the Utansjö plant.

## RISK MANAGEMENT

The company's operational work involves a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependence on the market pulp list prices and moderating fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are linked to exchange rates and the price of pulp, timber and electricity. The scope and nature of financial assets and liabilities are in all essential respects the same as on 31 December 2013. The carrying amounts are the same as the actual values, which was also the case at the end of 2013.

Profit/loss after financial items								
	2014				2013			
Group	IV	III	II	I	IV	III	II	I
Profit/loss after financial items	13	52	31	20	-	-	-	-4
Whereof:								
Currency hedges	-2	-1	-	-	3	-1	-2	2
Pulp price hedges	-8	-4	-2	-	-	-	0	3
Electricity hedges	-4	-3	-5	-5	-3	-3	-2	-1
Total hedges	-14	-8	-7	-5	-	-4	-4	4
Green electricity	1	1	1	1	1	1	1	1

### Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the main underlying currency for the pulp price is predominantly in USD. The underlying exposure to USD is thus very high, and the direct inflow of USD (the real flow) corresponds to approximately 60% and in EUR approximately 20%. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a contract is between one and three months.

The average USD rate was approximately five per cent higher for January to December 2014 compared with the previous year, amounting to SEK 6.86/USD compared with SEK 6.51/USD for the same period of 2013. The higher exchange rate for USD in relation to SEK compared with the fourth quarter of 2013 had a positive effect on revenues by SEK 45 million.

In addition, currencies were hedged in the form of forward contracts concluded for EUR 4.7 million, at an average rate of SEK 9.06/EUR, for electricity purchases for the period 2015 to 2016.

### Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 31 December, no contracts had been concluded for 2015. A contract for 6,000 tonnes was realised during the quarter, which affected the result by SEK -8 million.

### Electricity

All electricity for the Swedish mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are listed in EUR. The amount of electricity hedged at the end of December 2014 corresponded to the proportion of forecast consumption shown in the table. The table shows average prices in EUR/MWh, together with average prices in SEK/kWh.

Electricity Hedging as per 30th of september 2014			
Year	Part hedged	EUR/MWh	SEK/kWh
2015	48%	44,3	0,42
2016	26%	37,0	0,35

The average price level for electricity on Nord Pool amounted to SEK 0.29 (0.33) per kWh for October to December 2014.

See pages 25 to 29 of the Annual Report for 2013 for further information on risks.

## MARKET VALUE (SEK million) December 2014

Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 Dec 2014
Currency EUR, forward sell	EUR 1 m	8,84 SEK/EUR	-1	9,46 SEK/EUR
Currency EUR, forward buy	EUR 5,7 m	9,06 SEK/EUR	3	9,48 SEK/EUR
Pulp price, SEK	0 ton	5 SEK (PIX)	0	5 981 SEK (PIX)
	175 368 MWh	SEK /kWh		
Electricity		0,38 /kWh	-13	0.275 Sek/kWh
<b>Total market value</b>			<b>-10</b>	

## MARKET VALUE (SEK million) December 2013

Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 Dec 2013
Currency EUR, forward sell	EUR 1 m	8,84 SEK/EUR	0	8,97 SEK/EUR
Currency EUR, forward buy	EUR 10 m	9,17 SEK/EUR	-2	8,94 SEK/EUR
Pulp price, SEK	18 000 ton	5 720 SEK (PIX)	-4	5 929 SEK (PIX)
				0,29 SEK/kWh
Electricity	339 449 MWh	0,36 SEK /kWh	-25	SEK/kWh
<b>Total market value</b>			<b>-31</b>	

The table above shows the market values of all hedging. The value refers to the liquidation value, i.e. a valuation is made in accordance with forward contracts on 30 December 2014. The reference value refers to the spot rate on 30 December and is provided as supplementary information. As a result of the application of IFRS/IAS, these market values are reported in the balance sheet.

## ACCOUNTING POLICIES

This year-end report has been prepared in accordance with IAS 34 'Interim Financial Reporting', which complies with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1 'Supplementary Accounting Rules for Groups' together with RFR 2 'Accounting for Legal Entities', in respect of the parent company.

The accounting policies, definitions of key ratios and calculation methods are the same as those used in the last annual report.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There have not been any significant events after the reporting date that affect the Group's financial position and performance.

## FORTHCOMING FINANCIAL INFORMATION

20 May 2015	Interim Report, January to March
28 July 2015	Interim Report, April to June
5 November 2015	Interim Report, July to September

The Annual Report for 2014 will be published in Week 12, 2015.

## ANNUAL GENERAL MEETING

The annual general meeting is planned for 20 May 2015 in Stockholm.

For more information, please visit Rottneros' website, [www.rottneros.com](http://www.rottneros.com)

This report has not been reviewed by the company's auditors.

Vallvik, 12 February 2015

Per Lundeen

*Chief Executive Officer and President*

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Rottneros discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. This information was submitted for publication on 12 February 2015 at 08.30. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two reports.

## DEFINITIONS OF KEY RATIOS

### Equity/assets ratio

Shareholders' equity as a percentage of the total assets

### Interest-bearing net assets/liabilities

Cash and cash equivalents minus interest-bearing liabilities.

### Debt/equity ratio

Interest-bearing net assets/liabilities divided by shareholders' equity.

### Operating margin

Operating income after depreciation as a percentage of net turnover for the period.

### Profit margin

Income after net financial items as a percentage of net turnover for the period.

### Net profit/loss

Net income is the profit/loss after tax.

### Earnings per share

Net income divided by the average number of shares.

### Return on capital employed

Income after net financial items plus interest expense for the period in question divided by the average capital employed for the period in question.

### Capital employed

Balance sheet total less non-interest-bearing operating liabilities including deferred tax liabilities.

### Return on equity

Net income for the period in question as a percentage of average shareholders' equity for the period in question.

### Interest coverage ratio

Income after net financial items plus interest expense, divided by interest expense.

### P/E ratio

Closing share price at period-end in relation to earnings per share after tax.

### Direct yield

Dividend as a percentage of the closing share price at period-end.

### Operating cash flow/share

Cash flow from operations and normal investments divided by the number of shares.

### Cash flow before investments/share

Cash flow from operations divided by the number of shares.

## GLOSSARY

### Glossary

BEK	Bleached Eucalyptus Kraft, bleached eucalyptus pulp	Mechanical pulp	Pulp produced using a mechanical process for fibre separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp.
BCTMP	Chemi-Thermo-Mechanical Pulp. Development of TMP, where the raw material is impregnated with chemicals. Stronger than TMP.	NBSK	Northern Bleached Softwood Kraft: bleached softwood kraft pulp. Price leader on the global market.
Chemical pulp	Paper pulp produced by boiling raw timber with chemicals. Has higher brightness and strength than mechanical pulp.	TMP	Thermo-Mechanical Pulp. Mechanical pulp produced using a technique in which the chips are preheated with steam.
ECF	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide only.	UKP	Unbleached Kraft Pulp, unbleached sulphate pulp
Groundwood pulp (SGP)	Mechanical pulp made from groundwood.		



# CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

## CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Okt-dec 2014	Okt-dec 2013	Jan-dec 2014	Jan-dec 2013
Net turnover	370	317	1 547	1 389
Change in inventories, finished goods	18	14	-4	5
Other income	14	14	45	44
<b>TOTAL INCOME</b>	<b>401</b>	<b>345</b>	<b>1 588</b>	<b>1 438</b>
Raw materials and consumables	-206	-209	-847	-897
Other costs	-115	-117	-374	-361
Personnel costs	-53	-46	-190	-192
Depreciation/amortisation and write-downs	-15	-16	-59	-142
<b>TOTAL OPERATING COSTS</b>	<b>-389</b>	<b>-388</b>	<b>-1 470</b>	<b>-1 592</b>
<b>OPERATING INCOME</b>	<b>12</b>	<b>-43</b>	<b>118</b>	<b>-154</b>
Financial income	1	0	0	0
Financial expenses	0	-1	-4	-4
<b>Net financial items</b>	<b>1</b>	<b>-1</b>	<b>-4</b>	<b>-4</b>
<b>INCOME AFTER NET FINANCIAL ITEMS</b>	<b>13</b>	<b>-44</b>	<b>114</b>	<b>-158</b>
Tax on income for the year	41	0	19	0
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>55</b>	<b>-44</b>	<b>133</b>	<b>-158</b>
Earnings after tax/share (SEK) <sup>1</sup>	0,36	-0,28	0,87	-1,04

<sup>1</sup> Profit after tax per share, after dilution, is the same as the profit after tax per share.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Okt-dec 2014	Okt-dec 2013	Jan-dec 2014	Jan-dec 2013
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>55</b>	<b>-44</b>	<b>133</b>	<b>-158</b>
<b>Other comprehensive income</b>				
Cash-flow hedging, income before tax	7	-12	21	-13
Cash-flow hedging, tax effect	-1	3	-6	3
Exchange rate differences	0	0	2	-1
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>6</b>	<b>-9</b>	<b>17</b>	<b>-11</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>61</b>	<b>-53</b>	<b>150</b>	<b>-169</b>

## KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD <sup>1</sup>	932	851	925	857
SEK/USD <sup>2</sup>	7,42	6,56	6,86	6,51
Pulp price NBSK, SEK	6 916	5 583	6 345	5 582
Rottneros' deliveries, tonnes	78 300	76 200	344 200	332 100

<sup>1</sup> Source: PIX/Market Pulse.

<sup>2</sup> Source: Swedish central bank yearly average.

# CONSOLIDATED BALANCE SHEET

## CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Dec 2014	Dec 2013
Intangible fixed assets	5	5
Tangible fixed assets	615	647
Financial fixed assets	71	54
<b>Total fixed assets</b>	<b>691</b>	<b>706</b>
Inventories	255	246
Current receivables	226	174
Liquid funds	89	35
<b>Total current assets</b>	<b>570</b>	<b>455</b>
<b>TOTAL ASSETS</b>	<b>1 261</b>	<b>1 161</b>
Shareholders' equity	975	825
Longterm liabilities		
Non interest-bearing	9	13
<b>Total longterm liabilities</b>	<b>39</b>	<b>13</b>
Current liabilities		
Interest-bearing	0	60
Non interest-bearing	247	263
<b>Total current liabilities</b>	<b>247</b>	<b>323</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 261</b>	<b>1 161</b>

# CASH-FLOW ANALYSIS

## CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-dec 2014	Jan-dec 2013
Operating income	118	-154
Adjustment for non cash-flow items		
Depreciation/amortisation and write-downs	59	142
Other non cash-flow items	0	0
	<b>177</b>	<b>-12</b>
Received/paid financial items	-2	-3
Received/paid taxes	0	0
<b>Cash-flow from current operations before change in working capital</b>	<b>175</b>	<b>-15</b>
Change in working capital	-71	77
<b>Cash-flow from current operations</b>	<b>104</b>	<b>62</b>
Acquisition of fixed assets	-59	-35
Sale of fixed assets	39	0
<b>Cash-flow from investing activities</b>	<b>-20</b>	<b>-35</b>
New loans	30	0
Repayment of loans	-60	-18
<b>Cash-flow from financing activities</b>	<b>-30</b>	<b>-18</b>
<b>Cash-flow for the year</b>	<b>54</b>	<b>9</b>
Liquid funds at beginning of year	35	26
Cash-flow for the year	54	9
Liquid funds at end of year	89	35

## CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-dec 2014	Jan-dec 2013
Opening shareholders' equity	825	994
Total comprehensive income for the period	150	-169
Dividend	-	-
<b>Closing shareholders' equity</b>	<b>975</b>	<b>825</b>

## SHARE DATA<sup>1</sup>

		Jan-dec 2014	Full year 2013	2012	2011	2010	2009	2008
Shares, opening <sup>2</sup>	No.	152 572	152 572	152 572	152 572	1 525 719	180 212	180 212
Shares issued <sup>2</sup>	No.	-	-	-	-	-	1 345 507	-
No. of company's own shares bought back <sup>2</sup>	No.	-	-	-	-	-1 373 147	-	-
Repurchased treasury shares <sup>2</sup>	No.	822	822	822	822	822	8 220	822
Shares closing <sup>2</sup>	No.	152 572	152 572	152 572	152 572	152 572	1 525 719	180 212
Average number of shares <sup>2</sup>	No.	152 572	152 572	152 572	152 572	152 572	26 884	18 021
Operating profit or loss/share <sup>2,5</sup>	SEK	0,77	-1,01	0,04	-0,77	0,90	-6,18	-16,95
Earnings after tax/share <sup>5</sup>	SEK	0,87	-1,04	-0,09	-0,95	0,82	-2,59	-18,35
Operating cash flow/share <sup>3,5</sup>	SEK	0,35	0,06	0,03	-0,74	0,51	2,74	-13,34
Equity/share <sup>5</sup>	SEK	6,39	5,41	6,51	6,65	8,05	7,14	44,96
Dividend <sup>5</sup>	SEK	-	-	-	0,10	0,20	-	0,00
Dividend/equity/share	%	-	-	-	1,50	2,50	-	0,00
Share price at end of period <sup>5</sup>	SEK	3,74	1,99	2,00	2,11	4,37	6,90	10,50
Share price/equity/share	Times	0,6	0,4	0,3	0,3	0,5	1,0	0,2
P/E ratio/share	Times	4,3	Neg	Neg	Neg	5,3	Neg	Neg
Direct yield <sup>4</sup>	%	-	-	-	4,7	4,6	-	-

<sup>1</sup> No key ratios were influenced by any dilution effect.

<sup>2</sup> The number of shares is stated in thousands, excluding treasury shares held by Rottneros.

<sup>3</sup> Cash-flow after normal investments but excluding strategic investments.

<sup>4</sup> Direct yield is calculated in relation to the closing listed price.

<sup>5</sup> There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split. sammanläggning.

**QUARTERLY DATA (SEK MILLION)**

	2014				2013				2012			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	370	404	394	380	317	349	369	354	329	359	378	371
<b>Operating profit/loss before depreciation</b>	<b>28</b>	<b>67</b>	<b>45</b>	<b>35</b>	<b>-27</b>	<b>7</b>	<b>-1</b>	<b>10</b>	<b>16</b>	<b>-15</b>	<b>50</b>	<b>10</b>
Depreciation/amortisation and write-downs	-15	-14	-14	-14	-15	-96	-15	-16	-15	-13	-14	-13
<b>Operating profit/loss</b>	<b>12</b>	<b>53</b>	<b>31</b>	<b>21</b>	<b>-42</b>	<b>-89</b>	<b>-16</b>	<b>-6</b>	<b>1</b>	<b>-28</b>	<b>36</b>	<b>-3</b>
Net financial items	1	-1	0	-1	-1	-2	-4	2	-1	2	0	-1
<b>Profit/loss after financial items</b>	<b>13</b>	<b>52</b>	<b>31</b>	<b>20</b>	<b>-43</b>	<b>-91</b>	<b>-20</b>	<b>-4</b>	<b>0</b>	<b>-26</b>	<b>36</b>	<b>-4</b>
Tax	41	-11	-7	-4	0	0	0	0	-10	0	-9	0
<b>Profit/loss after tax</b>	<b>55</b>	<b>41</b>	<b>24</b>	<b>16</b>	<b>-43</b>	<b>-91</b>	<b>-20</b>	<b>-4</b>	<b>-10</b>	<b>-26</b>	<b>27</b>	<b>-4</b>
Pulp production, 1,000 tonnes	83	89	88	85	79	78	88	88	86	73	90	82
Pulp deliveries, 1,000 tonnes	78	89	90	87	76	83	88	86	79	85	82	85
Operating margin, %	3,4	13,1	8,0	5,7	Neg	Neg	Neg	Neg	0,3	Neg	9,7	Neg
Return on equity after full tax, %	6,1	4,7	2,9	1,8	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on capital employed, %	1,4	5,6	3,6	1,8	Neg	Neg	Neg	1,0	1,0	Neg	Neg	Neg
Equity/assets ratio, %	77,3	74,2	71,9	72,8	71,1	74,9	72,0	74,2	76,7	76,2	74,0	74,6
Equity/share, SEK 1	6,39	6,00	5,69	5,49	5,41	5,76	6,29	6,46	6,51	6,58	6,71	6,64
Earnings after tax/share, SEK 1	0,36	0,26	0,16	0,10	-0,28	-0,59	-0,13	-0,03	-0,07	-0,17	0,18	-0,03
Cash flow before investments/share, SEK	0,04	0,60	0,04	-0,01	0,02	0,31	-0,06	0,14	-0,05	0,09	0,44	-0,21
Operating cash flow/share, SEK 1	0,10	0,26	-0,07	-0,07	-0,03	-0,04	0,04	0,09	0,08	0,00	0,35	-0,32

# PARENT COMPANY PROFIT/LOSS ACCOUNTS

## PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Okt-dec 2014	Okt-dec 2013	Jan-dec 2014	Jan-dec 2013
Net turnover	2	2	6	6
Other income	-1	4	-1	9
<b>TOTAL INCOME</b>	<b>0</b>	<b>6</b>	<b>5</b>	<b>15</b>
Other costs	-8	-14	-36	-35
Personnel costs	-10	-3	-23	-25
<b>TOTAL OPERATING COSTS</b>	<b>-17</b>	<b>-17</b>	<b>-58</b>	<b>-60</b>
<b>OPERATING INCOME</b>	<b>-17</b>	<b>-11</b>	<b>-54</b>	<b>-46</b>
Profit from participations in group companies	98	0	98	-45
Financial income, other	-3	0	-5	1
Financial expenses, other	0	-2	-3	-3
<b>Net financial items</b>	<b>94</b>	<b>-2</b>	<b>89</b>	<b>-47</b>
<b>INCOME AFTER NET FINANCIAL ITEMS</b>	<b>77</b>	<b>-13</b>	<b>36</b>	<b>-93</b>
Tax on income for the year	21	0	21	0
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>98</b>	<b>-13</b>	<b>57</b>	<b>-93</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Okt-dec 2014	Okt-dec 2013	Jan-dec 2014	Jan-dec 2013
<b>NET PROFIT/LOSS AFTER TAX</b>	<b>98</b>	<b>-13</b>	<b>57</b>	<b>-93</b>
<b>Other comprehensive income</b>				
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>98</b>	<b>-13</b>	<b>57</b>	<b>-93</b>

# PARENT COMPANY BALANCE SHEET

## PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Dec 2014	Dec 2013
Intangible fixed assets	5	4
Tangible fixed assets	1	1
Financial fixed assets	272	251
<b>Total fixed assets</b>	<b>278</b>	<b>256</b>
Current receivables <sup>1</sup>	701	700
Liquid funds	1	1
<b>Total current assets</b>	<b>702</b>	<b>701</b>
<b>TOTAL ASSETS</b>	<b>980</b>	<b>957</b>
Shareholders' equity	916	858
Current liabilities	0	0
Interest-bearing	0	46
Non interest-bearing	63	53
<b>Total current liabilities</b>	<b>63</b>	<b>99</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>980</b>	<b>957</b>

1) Including receivable on subsidiaries SEK 656 (678) Million.

# KEY INDICATORS THAT AFFECT TURNOVER

## SIX YEAR REVIEW

	Jan-dec 2014	2013	2012	2011	2010	2009
KEY INDICATORS THAT AFFECT TURNOVER						
Pulp price NBSK, USD <sup>1</sup>	925	857	814	960	930	657
SEK/USD <sup>2</sup>	6,86	6,51	6,78	6,50	7,21	7,65
Pulp price NBSK, SEK	6 345	5 582	5 519	6 229	6 705	4 989
Rottneros' deliveries, tonnes	344 247	332 100	331 400	311 400	330 300	376 700
Turnover and income, SEK million						
Net turnover	1 547	1 389	1 437	1 513	1 684	1 508
Profit/loss before depreciation	176	-11	61	4	224	-61
Depreciation	-59	-142	-55	-120	-86	-104
Operating profit/loss after depreciation	118	-154	6	-117	138	-166
Net financial items	-4	-4	0	-3	0	97
Profit/loss after net financial items	114	-158	6	-120	138	-69
Profit/loss after tax	133	-158	-13	-144	125	-69
Balance sheet items, SEK million						
Fixed assets	691	706	809	841	867	849
Inventories	255	246	240	276	213	215
Current receivables	226	175	219	209	259	230
Liquid funds	89	35	26	21	155	111
Shareholders' equity	975	825	993	1 014	1 228	1 089
Long-term interest-bearing liabilities	30	0	0	7	10	57
Long-term non interest-bearing liabilities	9	13	15	11	0	1
Current interest-bearing liabilities	0	60	78	42	29	44
Current non interest-bearing liabilities	247	264	208	275	227	214
Balance sheet total	<b>1 261</b>	<b>1 161</b>	<b>1 294</b>	<b>1 347</b>	<b>1 494</b>	<b>1 405</b>
Financial ratios						
Operating margin, %	7,6	Neg	0,4	Neg	8,2	-11,0
Profit margin, %	7,3	Neg	0,4	Neg	8,2	-4,6
Return on capital employed, %	12,4	Neg	0,1	Neg	11,6	Neg
Return on equity after full tax, %	13,6	Neg	Neg	Neg	10,8	Neg
Equity/assets ratio, %	77,3	71,1	76,7	75,3	82,2	77,5
Debt/equity ratio, Times	0,1	0,1	0,1	0,0	-0,1	0,1
Interest cover, Times	29	Neg	2	Neg	26	Neg
Other						
Capital expenditure, SEK m	20	35	46	157	125	10
Average no. of employees	251	256	275	298	308	387

<sup>1</sup> Source: FOEX NBSK PIX.

<sup>2</sup> Source: Swedish central bank yearly average.

# ROTTNEROS IN SUMMARY

Rottneros produces customised pulp for the market pulp market.

## ROTTNEROS

Rottneros had just over 260 employees and a turnover of approximately SEK 1.5 billion in 2014. The Group produced 345,000 tonnes of pulp in total.

### ROTTNEROS IN FIGURES

SEK m	2014	2013	2012	2011	2010
Net turnover	1 547	1 389	1 437	1 513	1 684
Profit/loss after net financial items	114	-158	6	-120	138
Investments in fixed assets	59	35	51	157	125
Average number of employees	251	256	275	298	308
Production per employee (Ktonnes)	1.4	1.3	1.2	1.1	1.0

### RATIOS

Equity/assets ratio	77.4	71	77	75	82
Return on capital employed	12.4	Neg	Neg	Neg	11.6
Return on equity	13.6	Neg	Neg	Neg	10.8
Operating margin	7.6	-11.1	0.4	-7.8	8.2

### SEK/SHARE

Shareholders' equity per share <sup>1</sup>	6.38	5.41	6.51	6.65	8.05
Profit/loss after tax per share <sup>1</sup>	0.87	-1.04	-0.09	-0.95	0.82
Operating cash flow per share <sup>1, 2</sup>	0.35	0.06	0.03	-0.74	0.51
Dividend <sup>1, 3</sup>	0.40	0.0	0.0	0.0	0.20

<sup>1</sup> There was a reverse share split in April 2010 where ten existing shares were combined as one share.

The comparison periods have been adjusted for this reverse split.

<sup>2</sup> Cash flow after normal investments but excl. strategic investments.

<sup>3</sup> Proposed dividend for 2014.

### GROUPS' PRODUCTS



**71%** Sulphate pulp  
**18%** CTMP  
**11%** Groundwood pulp

### GEOGRAPHICAL DISTRIBUTION OF TURNOVER



**20%** Germany  
**12%** US  
**12%** Sweden  
**9%** Italy  
**6%** Rest of the Nordics  
**25%** Rest of Europe  
**16%** Rest of world

## THE WAY FORWARD

Rottneros has been conducting a programme of change since the autumn of 2013, with the aim of generating sustainable profitability. This necessary process is based on establishing common objectives, and consensus on defined and shared core values and developing an understanding of the way in which we will work to achieve the set objectives.

### OBJECTIVE

The Group will achieve sustainable profitability over a business cycle.

This will be achieved by:

#### FOCUS ON SELECTED NICHES

where Rottneros has the capacity to achieve competitive advantages and become the market leader. Sales will be concentrated to those market segments where the Group is able to offer customers clear added value through high-quality and customised products.

#### ➔ INCREASED PRODUCTIVITY.

Productivity is vital for sustainable profitability. The objective is to increase long-term productivity by continually developing our processes and carrying out well-planned and effective preventive maintenance work.

#### ➔ INCREASED PRODUCTION VOLUME.

The company will increase pulp production volume by improving accessibility and expanding capacity.

➔ **IMPROVED SAFETY.** Good order will prevail at Rottneros. Our objective is to have no sick days on account of work-related incidents.

➔ **COMPETENCE DEVELOPMENT.** We will develop our skills and competence with the objective of having a workforce that is committed and safety-conscious.

➔ **SERVICE LEADER.** Customers should perceive Rottneros as a leader in service. In our chosen segments we will provide our customers with knowledge and know-how on how to utilise our products to improve their end products.

# ROTTNEROS' MILL



**GROUND-WOOD PULP**

Spruce

Bleached/unbleached

Board Printing and writing paper

Pulp deliveries (thousand tonnes)



Production (tonnes)



**CTMP**

Spruce/pine

Bleached/unbleached

Board Tissue paper Printing and writing paper Filters

Production (tonnes)



**CTMP**

Aspen/birch

Bleached

Printing and writing paper Fine paper

# VALLVIK'S MILL



**LONG-FIBRE SULPHATE**

Spruce/pine

Bleached

Printing and writing paper Tissue paper

Pulp deliveries (thousand tonnes)



Production (tonnes)



Board Filters

Unbleached

Kraft paper Filters Electrical insulating material

Production (tonnes)







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